

Message Text

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SUBJECT: FINANCIAL POST COLUMNIST SAYS U.S. LEGISLATION ON ARAB TRADE
BOYCOTT COULD IMPERIAL U.S.-CANADAIN RELATIONS

POINTING OUT THAT PROPOSED U.S. LEGISLATION AGAINST THE ARAB TRADE
BOYCOTT COULD HAVE SERIOUS EFFECTS ON U.S. SUBSIDIARIES IN CANADA BY
JEOPARDIZING THEIR TRADE PROSPECTS IN THE MIDDLE EAST, A FINANCIAL
POST COLUNIST WRITES IN THE 2 OCTOBER ISSUE THAT: "FOR OTTAWA, THE
U.S. ANTIBOYCOTT MOVES PORTEND A CRUNCH IN RELATIONS BETWEEN THE TWO
COUNTRIES. AT ISSUE: WHETHER U.S. LAW IS GOING TO APPLY TO COMPANIES
OPERATING HERE...IF, AS REPORTS FROM WASHINGTON SUGGEST, CONGRESS
CONTINUES TO TAKE A HARD-LINE STANCE AGAINST THE BOYCOTT, CANADA WILL
FACE A MASSIVE EXTRATERRITORIAL EXPANSION OF U.S. LAW INTO CANADA'S
COMMERCIAL AFFIARS.

"THE OTHER DILEMMA FOR OTTAWA CENTRES ON CANADA'S RESPONSE TO THE
ARABBOYCOTT ITSELF...CANADA HAS YET TO STATE A CLEAR POLICY ON
WHETHER

COMPANIES SHOULD DEAL WITH ARAB COUNTRIES IF BOYCOTT CLAUSES ARE
REQUIRED IN THE CONTRACTS..IN THE PAST, OTTAWA HAS RRIED TO
BLOCK THE ECTRATERRITORIAL EXTENSION OF U.S. LAW, PRIMARILY AS IT
AROSE IN A SERIES OF TRADE DEALS BETWEEN CANADAIN SUBSIDIARIES AND
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CUBA...BUT THE STAKES WITH THE ARAB STATES ARE IMMENSELY HIGHER.

IN THE FIRST SIX MONTHS OF THE YEAR, CANADA SOLD ALMOST DOLS 43
MILLION MOSTLY IN FINISHED PRODCUTS TO SAUDI ARABIS ALONE, ON THE
OTHER
SIDE, WE BOUGHT DOLS 747 MILLION WORTH OF SAUDI OIL LAST YEAR. AND
THE MARKET CAN ONLY GROW DRAMATICALLY...ALL THIS SUGGESTS THAT
THE U.S. WOULD NOT EASILY AGREE TO LOOK THE OTHER WAY IF CANADAIN
SUBSIDIARIES CONTRAVENED U.S. LAW BY CONTINIUNG NORMAL RELATIONS WITH
THE ARAB STATES WHILE THE U.S. PARENTS WERE BLOCKED FROM DOING SO.
OTTAWA, IN SHORT,COULD FACE A DEVASTATING IMPASSE IN RELATIONS WITH
WASHINGTON - ONE THAT COULD MAKE PAST AND CURRENT 'IRRITANTS'
LOOK LIKE FRIENDLY DISAGREEMENTS."
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